



216829

Attn: Tricia  
Re 2005-385-e

803 896 5199

From Elizabeth M Smith

I am attaching :

1. Copy of the email I submit to the [contact@psc.sc.gov](mailto:contact@psc.sc.gov) and to the intervenors mailboxes with regard to a petition to waive prefilng and to open up the hearing to the public:
2. Copy of the petition to waive pre-filing and open the hearing
3. Copy of email to [contact@psc.sc.gov](mailto:contact@psc.sc.gov) prefiling my testimony for the June 20t hearing on 2005-285-3
4. Copy of email sending intervenors my prefled testimony
5. Copies of cover sheet and my testimony

RECEIVED

MAY 20 2009

PSC SC  
DOCKETING DEPT.

RETURN DATE: 5/19/09 - Emailed  
SERVICE: ok (200)

**COPY**  
Posted: 100  
Dept: S.A.  
Date: 5/20/09  
Time: 4:20

**libbysmith**

**From:** libbysmith [libbysmith@comcast.net]  
**Sent:** Wednesday, May 20, 2009 3:04 PM  
**To:** 'libbysmith'; 'contact@psc.sc.gov'  
**Cc:** 'pmlgrnlw@yahoo.com'; 'David Odell'; 'chad.burgess@scana.com';  
 'Len.S.Anthony@pgnmail.com'; 'cdtaylor@scana.com'; 'ceheigel@duke-energy.com';  
 'nsedwar@regstaff.sc.gov'; 'rlwhitt@airlaw.com'; 'shudson@regstaff.sc.gov';  
 'communityresources@earthlink.net'  
**Subject:** Net Metering Hearing June 30th 2009 Petition  
**Attachments:** petition\_2009.pdf

I am attaching the petition in pdf format. I did not realize that the pdf format was required.

**From:** libbysmith [mailto:libbysmith@comcast.net]  
**Sent:** Thursday, May 14, 2009 12:53 PM  
**To:** 'libbysmith'; 'contact@psc.sc.gov'  
**Cc:** 'pmlgrnlw@yahoo.com'; 'David Odell'; 'chad.burgess@scana.com'; 'Len.S.Anthony@pgnmail.com';  
 'cdtaylor@scana.com'; 'ceheigel@duke-energy.com'; 'nsedwar@regstaff.sc.gov'; 'rlwhitt@airlaw.com';  
 'shudson@regstaff.sc.gov'; 'communityresources@earthlink.net'  
**Subject:** RE: Net Metering Hearing June 30th 2009 Petition

Members of the Public Service Commission,

I am attaching a petition with regard to allowing testimony from the public at the June 30<sup>th</sup> hearing you have scheduled on net metering. I am requesting that the public be able to testify without being designated as interveners and without prefilling testimony. . Last year's hearing worked this way and I believe was useful to the commissioners. ORS has no objection to this petition.

All parties except Ruth Thomas are being notified electronically via this email. Ruth Thomas has been notified by US Mail. If any parties request hard copy, please respond to this email and I will provide hard copy.

Date/Status	Docket# OR NDI#	Detail
6/30/09 10:30 AM Scheduled	<u>2005-385-E</u>	Location: Hearing Room Summary: <b>Petition of the Office of Regulatory Staff to Establish            Dockets to Consider Implementing the Requirements of Section 1251            (Net Metering and Additional Standards) of the Energy Policy Act of            2005</b> Applicant(s): Office of Regulatory Staff

**libbysmith**

**From:** libbysmith [libbysmith@comcast.net]  
**Sent:** Tuesday, May 19, 2009 10:24 PM  
**To:** 'Heigel, Catherine E'; 'pmlgmlw@yahoo.com'; 'David Odell'; 'chad.burgess@scana.com'; 'Len.S.Anthony@pgnmail.com'; 'shudson@regstaff.sc.gov'; 'communityresources@earthlink.net'; 'davido@unstoresolar.com'; 'BLONG@scana.com'; 'James, Anthony'; 'laura.a.bateman@pgnmail.com'  
**Cc:** 'Yarbrough, Barbara G'; 'Franklin, Brian L'  
**Subject:** ELIZABETH M SMITH Direct Testimony in Docket 2005-385-E  
**Attachments:** prefile\_063009.pdf; psc\_0609\_testimony.pdf

I am attaching my direct testimony for the hearing on June 30<sup>th</sup>. I have also submitted these files electronically to the Public Service Commission at the same time

All parties except Ruth Thomas are being notified electronically via this email. If any parties request hard copy, please respond to this email and I will provide hard copy. Ruth Thomas is being mailed a copy.

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STATE OF SOUTH CAROLINA	)	BEFORE THE
	)	PUBLIC SERVICE COMMISSION
(Caption of Case)	)	OF SOUTH CAROLINA
Petition of the Office of Regulatory	)	
Staff to Establish Dockets to	)	COVER SHEET
Consider Implementing the	)	
Requirements of Section 1251	)	DOCKET
(Net Metering and Additional	)	NUMBER: <u>2005</u> – <u>385 (386)</u> - <u>E</u>
Standards) of the Energy Policy	)	
Act of 2005	)	

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(Please type or print)

Submitted by: Elizabeth M Smith

Address: 611 North Shore Drive  
Charleston SC 29412

Telephone : 843-406-7985

Fax: 843 795 9812

Email: libbysmith@comcast.net

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must

**DOCKETING INFORMATION** (Check all that apply)

INDUSTRY

X Electric

X Electric

NATURE OF APPLICATION

X Petition to Waive Prefiling

X Petition to Permit the Public  
to testify



**libbysmith**

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**From:** libbysmith [libbysmith@comcast.net]  
**Sent:** Tuesday, May 12, 2009 2:44 PM  
**To:** 'majames@regstaff.sc.gov.'; 'nsedwar@regstaff.sc.gov.'; 'shudson@regstaff.sc.gov.'  
**Subject:** FW: Net Metering Hearing June 30th 2009 Petition  
**Attachments:** petition\_2009.doc

FYI

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**From:** libbysmith [mailto:libbysmith@comcast.net]  
**Sent:** Friday, May 08, 2009 11:57 AM  
**To:** 'contact@psc.sc.gov'  
**Cc:** 'pmlgrnlw@yahoo.com'; 'David Odell'; 'chad.burgess@scana.com'; 'Len.S.Anthony@pgnmail.com'; 'cdtaylor@scana.com'; 'ceheigel@duke-energy.com'  
**Subject:** Net Metering Hearing June 30th 2009 Petition

I am attaching a petition with regard to allow testimony from the public at the following June 30<sup>th</sup> hearing. I am requesting that the public be able to testify without being designated as interveners or prefilling. Last year's hearing worked this way and I believe was useful to the commissioners. ORS has no objection to this petition.

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5/20/2009

**libbysmith**

**From:** libbysmith [libbysmith@comcast.net]  
**Sent:** Tuesday, May 19, 2009 10:22 PM  
**To:** 'contact@psc.sc.gov'  
**Cc:** 'Hudson, Shannon'  
**Subject:** PSC Website Comments:  
**Attachments:** prefile\_063009.pdf; psc\_0609\_testimony.pdf

My name is Elizabeth M Smith and am an intervenor in docket  
I would like to be able to e-file my testimony as the utilities are.  
When I tried to create an e-file id, I received the response below. Consequently I am attaching my testimony to  
this email.

**SC Public Service Commission DMS - Windows Internet Explorer**

http://dms.psc.sc.gov/accounts/accounts.dcf?Method=processAccountForm

File Edit View Favorites Tools Help

BoFA HighBeam Phones Superpages Sunny NYTimes IM scgreen\_dev Marketing Mail demondw Mirr

Google public service commission sc Search Bookmarks AutoFill public service

SC Public Service Commission DMS

**PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA**  
The First Commission of the State

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Mailing Labels  
Directory

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5/20/2009

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**To:** 'Heigel, Catherine E'; 'pmlgrnlw@yahoo.com'; 'David Odell'; 'chad.burgess@scana.com'; 'Len.S.Anthony@pgnmail.com'; 'shudson@regstaff.sc.gov'; 'communityresources@earthlink.net'; 'davido@unstoresolar.com'; 'BLONG@scana.com'; 'James, Anthony'; 'laura.a.bateman@pgnmail.com'  
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Standards) of the Energy Policy	)	
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(Please type or print)

Submitted by: Elizabeth M Smith

Address: 611 North Shore Drive  
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Telephone : 843-406-7985

Fax: 843 795 9812

Email: libbysmith@comcast.net

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**DOCKETING INFORMATION** (Check all that apply)

INDUSTRY

X Electric

NATURE OF APPLICATION

X Prefile Testimony

PSC SC  
DOCKETING DEPT.

In the Matter of:  
Petition of the Office of Regulatory Staff to  
Establish Dockets to Consider Implementing  
The Requirements of 1251(Net Metering and  
Additional Standards of the Energy Policy Act  
of 2005

**DIRECT TESTIMONY OF  
ELIZABETH (LIBBY) M SMITH**

**Q.TELL US WHO YOU ARE AND WHAT IS YOUR INTEREST IN NET  
METERING?**

A. My name is Libby Smith and I submitted testimony last year to the net metering docket as a "potential solar generator". In the intervening year, I have installed solar hot water and 3.3 kw of solar photovoltaics. I was the first customer of PACE. I have also participated in the "Legislative Study Committee on Net Metering" convened by the Office of Regulatory Services and South Carolina's Department of Energy. I am also a board member of the South Carolina South Council.

Thank you very much for holding this follow up hearing. This hearing is particularly timely since the North Public Utilities Commission has just revised North Carolina's net metering offerings. Our South Carolina utilities testified last year that they wanted to match what North Carolina had done.

**Q. WHY DO YOU SUPPORT THE NET METERING REPORT PREPARED BY  
ORS AND THE DEPARTMENT OF ENERGY?**

A. I believe that the report prepared by ORS and the Department of Energy provides good recommendations for moving forward with incentivizing renewable energy generation and a renewable energy generation industry in South Carolina. I would like to address each recommendation.

*Recommendations for Net Metering from the Legislative Study Committee  
Net Metering Report ("Report") in response to Act 404/H3395 enacted May 13, 2008.  
<http://www.energy.sc.gov/publications/Final%20Net%20Metering%20Report.pdf>*

**Recommendation 1. Standardize net metering program structure across  
utilities**

Standardizing net metering across all of South Carolina's utilities will facilitate building a renewable energy generation industry in South Carolina as well as result in more clean and renewable energy. Currently, it is not possible to create a presentation or write an article which will tell home owners and businesses "how net metering works in SC". Each IOU has different offerings. Santee Cooper has something else again. All the municipal and co-ops each have their own variation.

I do not believe that each of these utilities has such individual and significantly different issues with net metering to overcome the clear advantage of having a simple, consistent offering for SC's home owners, businesses and renewable energy vendors.

**Recommendation 2. For residential customers, modify the IOU flat rate option to reflect 1:1 standard retail rates for excess energy credits.**

Our South Carolina "net metering" tariffs do not meet the Department of Energy definition of net metering or the common usage of the term net metering in other states.

*Excerpt from the Department of Energy Definition of net metering:*

*... By definition, true net metering calls for the utility to purchase power at the retail rate and use one meter. States have adopted a number of variations on this theme. Since the consumer sells power and buys power at the same pricing rate, the utility bill is calculated only on the net electricity that the consumer purchases from the utility. The bill may be reconciled monthly or at year's end*

No South Carolina tariffs offer a 1:1 offset at the retail rate.

Why is meeting this definition important to home owners and business who want to install renewable energy generation?

When a home owner or a business investigates installing renewable energy generation, that customer wants two things:

- **To be able to predict the cost/benefit of this investment as much as possible.**

A requirement that customers switch to a time-of-use demand rates means that generators CAN NOT PREDICT their savings from renewable energy generation.

The PVWATTS website provides a potential generator with a reasonably accurate annual prediction of their likely generation.

With simple 1:1 net metering, as described above, the generator can simply multiply the annual power generation by the kilowatt hour rate to get a reasonably reliable prediction of the savings from a specific level of investment. Time-of-use-demand rates make prediction of energy cost impossible. the generator can not predict their savings because they have no data to determine WHEN they will generate the energy or what their 15 minutes peak demand will be each month.

I testified last year that I believed my monthly electric cost would go UP if I installed solar panels because of this unpredictable,

uncontrollable demand charge. I felt my power bill would go up under a tou-d rate, before my solar panels had a chance to lower it. I now have data that show that my fifteen minutes of peak usage frequently puts me in a range to have a \$100-\$130 demand charge added to my bill.

Net metering customers should have the same rate choices as other customers. The current time-of-use demand charge is an effective barrier to renewable energy generators. The NC Public Utilities Commission described time-of-use demand rates as "punitive."

- To be able to benefit at fair market value from ALL the energy they produce – with none of that generated energy going to waste.

Using a banking metaphor, the generator "deposits" any excess generation on the grid. The net metering generator receives a "credit" for that energy. The utility can sell that energy at full retail to their neighbors. (reducing stress on the grid by the way).

When that generator is not producing energy, he can "withdraw" that energy from the grid and draw down the stored credit. Any net would carry forward.

One of the examples in the legislative report illustrates this exact scenario. In that example, the cost of 1000 kilowatts is greater after the installation of solar panels than before. The mock power bill went up before the generator could lower it with solar generation.

#### **Q. ISN'T PACE A BETTER ALTERNATIVE THAN NET METERING?**

**A. PACE IS** a good opportunity for consumers. For my home, between PACE and the utility avoided cost payments, I am receive \$.22/kilowatt. This is a good rate of return on my solar installation.

However, PACE does not provide a stable, long term predictable return. The PACE contract is for one year, cancelled on 60 days notice. The PACE rate and the avoided cost rates are subject to change. Bob Long, President of PACE indicates that PACE has collected \$23,000 toward the purchase of renewable energy. This amount of money would cover only about 40 generators for one year.

Testimony at the NC Public Service Commission indicates that NC GreenPower (the North Carolina equivalent of PACE) is nearly at full subscription – which means future generators may not have the NC

GreenPower options. NC GreenPower has already reduced their reimbursement rate once.

While subscribing to PACE is the most advantageous alternative for most generators in South Carolina at the current time, South Carolina needs 1:1 retail net metering to provide a predictable, minimum return for renewable energy generators. As long as PACE is available it will be an attractive alternative, but "real net metering" should be available as well.

**Q; PLEASE CONTINUE EXPLAINING YOUR SUPPORT FOR THESE RECOMMENDATIONS**

**A. Recommendation 3. Acknowledge that recommendation number 2 may create cross-subsidization and impact a utility s' cost of service, allow utilities to recover these costs, subject to measurement and verification of these costs.**

All testimony about net metering from South Carolina's utilities has expressed repeated concern about possible cross subsidization. This year's submissions again focus on this issue.

Recommendation # 3 deals with the cross subsidization issue by ensuring that utilities can recover costs they can document. In discussions during the legislative committee meetings both Dukes Scott and John Clark indicated that the believed these cost to be statistically insignificant.

When the North Carolina Public Utilities Commission asked utilities to document their cross subsidization costs, the commission did not find their submissions helpful in actually documenting costs. They documented lost revenues instead of costs and each utility approached the calculations differently.

The discussion of cross subsidization overlooks the broad benefits from renewable generation to the state as a whole and to the utility. This is distributed generation. Distributed generation contributes more reliability and safety to the system. It avoids stress on the grid and it provides that more of the generated electricity can be used by avoiding transmissions losses (between 5% and 10%).

Before the legislation [approving net metering] passed the Maryland statehouse, the Maryland Energy Administration (MEA) examined its potential economic impact on both the affected utilities and consumer ratepayers--with and without net-metered PV systems. *The MEA discovered that the impact on the affected utility is minimal when the net-metered PV capacity is limited to a small percentage of utility peak loads.* The analysis also determined that the cost burden on other customers

under a net-metered scenario is likewise limited. For Maryland's largest investor-owned utility, *the maximum amount of any cross-subsidy (or cost) on a per customer basis is 46 cents annually*. Furthermore, our analysis showed that when distribution system savings and environmental externalities are incorporated, net-metered customers may actually subsidize other utility customers. The MEA analysis also determined that about 50% of the value of the energy produced is lost if net metering is not available to those customers with grid tied PV systems.

Cook C. and J. Cross. (1999). A Case Study: The Economic Cost of Net-Metering in Maryland: Who Bears the Economic Burden? Prepared by Maryland Energy Administration, Annapolis, MD.

#### **Recommendation 4. Eliminate stand-by charges for residential customers.**

These charges serve to raise a customer utility bill before they can use renewable energy to lower that bill. At projected levels of generation in South Carolina, the effect on the utility peak load income will certainly be negligible. This also falls in the category of a cross-subsidization concern and should be dealt with as recommend by ORS and the Department of Energy – document it and recover it. North Carolina has eliminated these charges for small generators.

#### **Recommendation 5. Allow renewable energy generator to retain ownership of Renewable Energy Credits (RECs).**

Renewable Energy Credits offer a potential additional return for a home owner or business who invests in renewable energy generation as markets for these credits develop. Already SC generators can sell credits in the North Carolina market.

These credits represent a "credit for generating renewable energy". The utilities have no claim on these credits. They did not make the investment or generate the power.

Allowing 1:1 net metering does not justify taking a customer's REC's. The cost of supporting net metering is just the cost of billing after the initial meter installation. Most utilities are moving to smart meters for ALL customers.

The Utilities' claim to the REC's are simply another side of the cross subsidization argument and an attempt to recover non-existent costs of supporting net metering.

Recommendation #3 recognizes that cross subsidization may exist and agree to cost recover for documented costs. Usurping the generator's

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237 Renewable Energy Credit is not a reasonable way to address cross  
238 subsidization.  
239  
240